
DSS

Serving Children and Families
KIM S. AYDLETTE, STATE DIRECTOR

August 25, 2006

The Honorable Mark Sanford
Office of the Governor
State House
Columbia, South Carolina

Dear Governor Sanford:

Thank you for your continued support of the work this agency does for the poorest and most vulnerable citizens of this state. Enclosed are our budget requests for Fiscal Year 2007 - 2008.

We are asking for funds for penalties and to continue the development of the Automated Child Support Enforcement System. Additionally, we are asking for funds for the Direct Services staff, along with program needs and child care vouchers.

Please let me know if you or your staff have any questions concerning any part of this budget package.

Sincerely,

Kim S. Aydlette
State Director

Enclosures

FISCAL YEAR 2007-08 BUDGET PLAN

I. EXECUTIVE SUMMARY

- A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services
- B. Statewide Mission: To ensure the health and safety of adults and children who cannot protect themselves and to assist families to achieve stability through food assistance, child care, child support, and temporary benefits while transitioning into employment.
- C. Summary Description of Strategic or Long-Term Goals:
- (1) See agency mission above.
 - (2) Children with one or both parents absent from the home receive adequate financial support from their absent parent(s).
 - (3) To enhance the emotional and social well-being of children in the least restrictive, most appropriate, normalized, community environment through intensive case management while promoting safety, health and permanency.
- D.

[illegible]

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 3	Title: Direct Services Staffing Initiative	0	6,207,932	2,764,807	0	\$8,972,739	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): 3 Activity Number & Name: See Attached Schedule.										
Priority No.: 4	Title: Direct Services Program Needs	0	4,010,420	1,130,769	0	\$5,141,189	42.00	0	0	42.00
Strategic Goal No. Referenced in Item C Above (if applicable): 3 Activity Number & Name: See Attached Schedule										
Priority No.: 5	Title: Child Care Vouchers	0	5,609,474	0	0	\$5,609,474	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above (if applicable): 3 Activity Number & Name: 1103 Child Care										
TOTAL OF ALL PRIORITIES		\$16,000,000	\$15,827,826	\$3,895,576	\$ 0	\$35,723,402	42.00	0.00	0.00	42.00

E. Agency Recurring Base Appropriation:

State	\$ 111,566,060
Federal	\$ 959,201,265
Other	\$ 97,766,025

F. Efficiency Measures:

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

* If applicable

H. Number of Proviso Changes: Two

I. Signature/Agency Contacts/Telephone Numbers:

Kim S. Aydlette
State Director
(803) 898-7360

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services

B. Priority No. 1 of 5

C. (1) Title: Targeted Case Management (TCM) Replacement Funding

(2) Summary Description: The agency is requesting that \$17,000,000 in state funds appropriated to Department of Health and Human Services (DHHS) in SFY 2006-2007 for TCM be transferred to Department of Social Services (DSS) in SFY 2007-2008. The funding is identified in Proviso 8.42. This transfer is necessary to allow the agency to properly align funding and FTEs to reflect the shift from Medicaid funding to state and Title IV-E funding.

(3) Strategic Goal/Action Plan (*if applicable*):

D. Budget Program Number and Name: See Attached Schedule.

E. Agency Activity Number and Name: See Attached Schedule.

F. Detailed Justification for Funding

(1) Justification for Funding Increase: This action is budget neutral.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		403.19	148.82	(552.01)	0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0

Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ 30,271,637
Federal \$ 88,425,019
Other \$ 56,120,474

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2006: _____

% Vacant _____%

H. Other Comments:

Department of Social Services
07 - 08 Budget Plan
Targeted Case Management (Priority #1)
Budget Program Name and Number

Program #	Program Name	Description	Total	State	Federal	Other
05010000	Agency Administration	0158	580,186	580,186		
		1201	672,941	672,941		
		FTEs	0.00	17.27	6.40	(23.67)
05020000	Information Resource Management	0158	261,902	261,902		
		1201	683,541	683,541		
		FTEs	0.00	2.96	0.74	(3.70)
05040000	County Office Administration	0158	593,827	593,827		
		1201	169,832	169,832		
		FTEs	0.00	30.73	11.36	(42.09)
05050000	County Support of Local DSS	0158	0			0
		1201	292,469	292,469		
		FTEs	0.00		0.05	(0.05)
05060100	Children's Services	0158	374,665	374,665		
		1201	27,098	27,098		
		FTEs	0.00	13.36	4.93	(18.29)
05060500	Adult Services	0158	34,557	34,557		
		1201	1,518	1,518		
		FTEs	0.00	1.33	0.49	(1.82)
20050501	CPS Case Management	0158	2,192,520	2,192,520		
		1201	225,625	225,625		
		FTEs	0.00	102.40	37.87	(140.27)
20100500	Foster Care Case Management	0158	3,427,461	3,427,461		
		1201	995,392	995,392		
		FTEs	0.00	158.86	58.76	(217.62)
20150500	Adoptions Case Management	0158	1,128,543	1,128,543		
		1201	398,801	398,801		
		FTEs	0.00	54.66	20.22	(74.88)

Department of Social Services

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07 - 08 Budget Plan

Targeted Case Management (Priority #1)

Budget Program Name and Number

Program #	Program Name	Description	Total	State	Federal	Other
20200500	APS Case Management	0158	481,063	481,063		
		1201	41,392	41,392		
		FTEs	0.00	20.50	7.58	(28.08)
20350501	Food Stamp Eligibility	0158	19,097	19,097		
		1201	218	218		
		FTEs	0.00	1.12	0.42	(1.54)
20101500	Emotionally Disturbed Children	1100	500,000	500,000		
95050000	Employer Contributions	1300	3,897,352	3,897,352		
	Grand Total	0158	9,093,821	9,093,821	0	0
		1201	3,508,827	3,508,827	0	0
		1100	500,000	500,000	0	0
		1300	3,897,352	3,897,352	0	0
		Total	17,000,000	17,000,000	0	0
		FTEs	0.00	403.19	148.82	(552.01)

**Department of Social Services
07 - 08 Budget Plan
Targeted Case Management (Priority #1)
Agency Activity Name & Number**

<u>Activity Number</u>	<u>Activity Name</u>	<u>General Funds</u>
1100	Foster Care Treatment Services for EDC	4,676,526
1095	Foster Care Services	6,854,093
1088	Adoptions	2,408,195
1091	Adult Protective Services	3,061,186
	Grand Total	17,000,000

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services
- B. Priority No. 2 of 5
- C. (1) Title: Federally-Mandated Automation of Child Support Enforcement System
(2) Summary Description: One-time funding is needed to develop a statewide automated Child Support Enforcement System as mandated by the federal government. Based on an independent study, the agency will need approximately \$48 million in state funds to match \$80 million in federal funds over a four-year period. The agency is requesting \$8.7 million for development and \$10 million for penalties for a total of \$18.7 million. For SFY 07-08, the agency projects to have carry forward funds of \$2.7 million which can be used to offset the costs for development and penalties. This will bring our total request for the Child Support Enforcement System to \$16 million.
(3) Strategic Goal/Action Plan (*if applicable*): The agency will plan, build, and implement a Child Support System that is certified by the federal government.
- D. Budget Program Number and Name: 20300000/Child Support Enforcement
- E. Agency Activity Number and Name: Child Support Enforcement
- F. Detailed Justification for Funding

(1) Justification for Funding Increase:

Background: In the Family Support Act of 1988, Congress required states receiving federal funds for child support programs (programs operating under Title IV-D of the Social Security Act) to develop and implement a statewide, automated child support enforcement system. The Personal Responsibility and Work Opportunity Act of 1996 amended the requirements for the statewide system and also created a new requirement for a statewide disbursement unit.

The state contracted with Unisys Corporation in 1994 to develop and implement a system that would meet federal certification requirements by the deadlines set by the federal government, originally October 1, 1995, later extended to October 1, 1997. Unisys pulled out in 1997 after disagreements with the state concerning the ability of the system to function correctly. Unisys took the source code to our system and left the state with a partially built system. The state and Unisys entered into mediation, which was concluded successfully in the fall of 2001 with a net \$15 million settlement to be paid by Unisys to the state of South Carolina. This settlement was used to pay previous child support penalties.

The penalties are assessed by the United States Department of Health and Human Services (HHS). HHS gave notice of its intent to disapprove the South Carolina IV-D State Plan because the state did not have the statewide system or the statewide disbursement unit. Disapproval of the IV-D State Plan also could result in de-certification of the state's TANF program. These combined sanctions would have cost the state up to \$130 million dollars per year in federal funds used for the child support enforcement program, for benefits to needy children, and for services to or prevent welfare dependency. Because state plan disapproval would mean fiscal catastrophe, the state was compelled under pressure from HHS to pay the penalties while it worked to build the certifiable system.

To avoid the penalties, the state of South Carolina sued HHS in federal court in June 2000, seeking declaratory judgment and injunctive relief against penalties and proposed state plan disapproval. The US District Court enjoined HHS from imposing penalties on the state, but later lifted the injunction. The United States Court of Appeals for the Fourth Circuit ruled that the federal government had no authority to relieve the state of the penalties. The state's petition to the US Supreme Court has been denied. Therefore, penalties continue to accrue against the state, which makes the timely completion of a certified system imperative.

Performance of Current System: The five congressionally mandated performance measures are: 1) The Paternity Establishment Percentage - measures the ratio of the number of children in the caseload who were born out of wedlock and had paternity established to the total number of children in the caseload (Required - 82%, actual performance - 84.67%; 2) Support Order Performance Level - compares the number of cases that have support orders to the total number of cases (Required - 40%, to receive incentives - 50%, and actual performance - 71.23%); 3) Current Collections Performance Level - measures the amount of current support collected compared to the total amount of current support owed (Required - 40%, actual performance 47.41%); 4) Arrears Collection Performance Level - measures the number of cases paying toward arrears to the cases with arrears owed (Required to earn incentives - 40%, actual performance - 53.80%); and 5) Cost Effectiveness Level - a ratio of the total program collections divided by the total program costs for the fiscal year. Required to earn incentives - 2 to 1, actual performance - \$7.10 to 1.

Total Child Support Distributed Collections

<u>FFY</u>	<u>South Carolina</u>	<u>% Change From FFY</u>
2005	\$251,360,579	1%
2004	\$247,572,248	1%
2003	\$244,099,236	3%
2002	\$236,745,848	6%
2001	\$222,511,187	10%
2000	\$203,087,933	10%
1999	\$184,930,249	15%
1998	\$160,467,186	

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	16,000,000				\$16,000,000
Total	\$16,000,000	\$ 0	\$ 0	\$ 0	\$16,000,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 4,005,959
Federal	\$22,253,875*
Other	\$ 8,277,040

*Note: DSS contracts with the Clerks of Court for approximately \$14M to provide collection, distribution, enforcement, and related services. This amount is over half the federal costs in the program, thus requiring additional spending authority. The federal child support match rate is 66% for all activities.

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a)

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____

Federal _____

Other _____

Agency-wide Vacant FTEs as of July 31, 2006: _____

% Vacant _____%

H. Other Comments:

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services
- B. Priority No. 3 of 5
- C. (1) Title: Direct Services Staffing Initiative
(2) Summary Description: The agency is requesting \$6,207,932 to increase salaries for direct services workers to the southeast average as determined by OHR as well as to create a small pool of performance-based employee incentives. A work group has been established to develop a detailed implementation plan which will include any necessary changes to classifications, establishing new entry level salaries, adjustments to salaries of current staff, and criteria for awarding incentives. This initiative will assist in the agency recruiting and retaining well-trained and motivated staff necessary for the provision of quality services.
(3) Strategic Goal/Action Plan (*if applicable*): Staff turnover among direct services workers has been significant. Department of Social Services (DSS) staff, with the assistance of the Budget and Control Board's Office of Human Resources, is developing a compensation, recruitment, retention, and staff development system that is based on agency needs.
- D. Budget Program Number and Name: See Attached Schedule.
- E. Agency Activity Number and Name: See Attached Schedule.
- F. Detailed Justification for Funding
- (1) Justification for Funding Increase: In order for DSS to achieve excellence in its service delivery, having a stable well-trained direct services work force is essential. High turnover, low morale, as well as unmanageable caseloads, impedes the agency's ability to provide services at an acceptable level. The agency worked with the State Office of Human Resources (OHR) to look at critical issues affecting direct services staff and develop strategies to address those issues. The strategies involve a review of recruitment and hiring practices, classification and pay, and staff retention. Once these strategies are fully developed and implemented, the agency will have a stable, well-trained, and committed direct services work force.
- Strategies that have been implemented include the development of standardized position descriptions and standardized interview questions. The agency will continue to work with OHR on the development of other non-monetary strategies to address these issues. However, this funding is critical to implementing the classification and pay strategies.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service		5,118,125	2,279,131		\$7,397,256
(c) Employer Contributions		1,089,807	485,176		\$1,574,983
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$6,207,932	\$2,764,307	\$ 0	\$8,972,739
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$41,824,872
Federal	\$90,799,463
Other	\$48,948,295

(4) Is this priority associated with a Capital Budget Priority? _____ No _____ If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____
Federal _____
Other _____

Agency-wide Vacant FTEs as of July 31, 2006: _____
% Vacant _____%

H. Other Comments:

Department of Social Services
07-08 Budget Plan
Direct Services Staffing Initiative (Priority # 3)

Agency Activity Number and Name

<u>Activity Number</u>	<u>Activity Name</u>	<u>Object Code</u>	<u>General Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
1092	Child Abuse and Neglect - Intake and Assessment		908,996	389,570	1,298,566
1094	Child Protective Treatment Services - In - Home		1,110,995	476,141	1,587,136
1095	Foster Care Services		1,087,687	466,152	1,553,839
1100	Foster Care Treatment Services for EDC		415,930	178,256	594,186
1088	Adoptions		473,194	254,796	727,990
1091	Adult Protective Services		308,622	0	308,622
1104	Temporary Assistance to Needy Families (TANF)		815,957	0	815,957
1105	Food Stamp Program		864,280	567,925	1,432,205
1101	Child Support Enforcement		222,271	431,467	653,738
Grand Total			6,207,932	2,764,307	8,972,239

Budget Program Number and Name

<u>Program Number</u>	<u>Program Name</u>				
20050501	Child Protective Services Case Management	0158	1,665,423	713,752	2,379,175
20100500	Foster Care Case Management	0158	1,239,688	531,295	1,770,983
20150500	Adoption Case Management	0158	390,134	210,072	600,206
20200500	Adult Protective Services Case Management	0158	254,451	0	254,451
20250501	TANF Employment and Training Case Management	0158	916,655	0	916,655
20350501	Food Stamp Assistance	0158	468,518	468,280	936,798
20300000	Child Support Enforcement	0158	183,256	355,732	538,988
95050000	Employer Contributions	1300	1,089,807	485,176	1,574,983
Grand Total			6,207,932	2,764,307	8,972,239

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services

B. Priority No. 4 of 5

C. (1) Title: Direct Services Program Needs

(2) Summary Description: Base funding of \$4,010,420 is needed to strengthen the agency's direct services programs. This request includes (1) \$1,819,420 in funding for 42 positions to allow the agency to comply with new requirements in the TANF program. The new requirements were included in the Deficit Reduction Act; (2) \$91,000 in funding to allow the agency to contract with Department of Health and Environmental Control (DHEC) for lead inspections for foster and adoptive homes (if the agency is unable to contract with DHEC and must use the private sector, the cost for these inspections could increase). DHEC had previously provided this service at no cost to the agency but cannot continue due to budget reductions; (3) \$2,100,000 in funding to fully fund the Adoption Subsidy deficit for FY 2006-2007.

(3) Strategic Goal/Action Plan (*if applicable*): To enhance the emotional and social well-being of children in the least restrictive, most appropriate, normalized, community environment through intensive case management while promoting safety, health, and permanency.

D. Budget Program Number and Name: See Attached Schedule.

E. Agency Activity Number and Name: See Attached Schedule.

F. Detailed Justification for Funding

(1) Justification for Funding Increase:

Family Assistance: As a result of changes in federal regulations brought about by passage of the Deficit Reduction Act, the Temporary Assistance to Needy Families (TANF) program must be revised. New federal mandates will require DSS to engage TANF clients in work activities immediately upon case approval and to monitor client activity on a daily basis. Federal regulations strictly define countable work activities and require stringent documentation of client participation. Failure to meet the federal mandate will result in large fiscal penalties. As a result of the federal changes, the agency must reduce worker caseloads to ensure that workers have adequate time to manage the cases assigned to them, monitor as required, and meet the federal mandates.

Lead Inspections: DHEC terminated the service due to a lack of funding. They conduct approximately 210 lead inspections per year for foster care and adoptions. This service is essential to ensure that homes are safe before children are placed in them.

Adoption Subsidy Deficit: Currently, the agency places approximately 400 children into adoptive placements annually. The majority of these children are identified as "special needs" which makes them eligible for an adoption subsidy under the federal Title IV-E

program. Federal regulations, which do not allow a means test but do require the needs of the adoptive parents to be taken into consideration, cap the adoption subsidy at the amount that would have been paid if the child were in foster care. The agency negotiates the subsidy amount with the adoptive parents and tries to limit the subsidy based on the needs of the child. Even with the decrease in individual subsidy levels, as additional children are placed into adoptive homes, the cost to provide the subsidy continues to increase. Since additional children are coming into foster care, there are no funds to divert from foster care to fully fund the projected FY 2006-2007 adoption subsidy deficit. It is detrimental to other program areas to continue to take funds from those programs, to fund this projected, growing deficit.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*		42.00			42.00
(b) Personal Service		1,184,000			\$1,184,000
(c) Employer Contributions		331,520			\$331,520
Program/Case Services		2,100,000	1,130,769		\$3,230,769
Pass-Through Funds					\$ 0
Other Operating Expenses		394,900			\$394,900
Total	\$ 0	\$4,010,420	\$1,130,769	\$ 0	\$5,141,189
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$21,888,448
Federal	\$56,281,103
Other	\$20,479,738

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: These positions are needed to allow the agency to comply with new requirements in the TANF program.

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title: Human Services Specialist II					
(a) Number of FTEs	38.00				38.00
(b) Personal Service	1,064,000				\$1,064,000
(c) Employer Contributions	297,920				\$297,920

	State	Federal	Earmarked	Restricted	Total
Position Title: Program Coordinator I					
(a) Number of FTEs	4.00				4.00
(b) Personal Service	120,000				\$120,000
(c) Employer Contributions	33,600				\$33,600

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State 1,253.68

Federal 1,915.76

Other 870.35

Agency-wide Vacant FTEs as of July 31, 2006: _____

% Vacant _____%

H. Other Comments:

Department of Social Services
07 - 08 Budget Plan
Direct Services Program Needs Priority #4

Budget Program Number & Name

<u>Description</u>	<u>Program Number</u>	<u>Program Name</u>	<u>FTE's</u>	<u>Personnel</u>	<u>Fringe</u>	<u>Other Operating</u>	<u>Case Services</u>	<u>Total</u>
Family Assistance Staff	20250501	Employment & Training Case Services	38	1,064,000		277,400		1,341,400
	05010000	Agency Administration	4	120,000		26,500		146,500
	95050000	Employer Contributions			331,520			331,520
		Total Family Assistance Staff	42	1,184,000	331,520	303,900	0	1,819,420
		State Funds	42	1,184,000	331,520	303,900	0	1,819,420
Lead Inspections	05060100	Children's Services				91,000		91,000
		State Funds		0	0	91,000	0	91,000
Adoption Subsidy Deficit	20151000	Adoptions					3,230,769	3,230,769
		State Funds		0	0	0	2,100,000	2,100,000
		Federal Funds		0	0	0	1,130,769	1,130,769
		Grand Total	42	1,184,000	331,520	394,900	3,230,769	5,141,189
		State Funds		1,184,000	331,520	394,900	2,100,000	4,010,420
		Federal Funds		0	0	0	1,130,769	1,130,769

Agency Activity Number & Name

<u>Activity Number</u>	<u>Activity Name</u>	<u>FTE's</u>	<u>General Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
1104	TANF/Family Independence	42	1,819,420		1,819,420
1095	Foster Care Services		91,000	0	91,000
1090	Adoption Subsidy Special Needs		2,100,000	1,130,769	3,230,769
	Total	42	4,010,420	1,130,769	5,141,189

II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: 13/L04/South Carolina Department of Social Services
- B. Priority No. 5 of 5
- C. (1) Title: Child Care Vouchers
(2) Summary Description: Increase funding in the Child Care Voucher Program to serve all eligible clients who are under 65% of poverty. These vouchers would allow more parents to work and participate in work-related training.
(3) Strategic Goal/Action Plan (*if applicable*): There are a substantial number of families in South Carolina who either cannot work or are underemployed because they cannot afford quality child care. To help low-income working parents access child care, DSS proposes to increase child care funding so that additional families can be served. By providing this support, more low-income families can work, increase their income and achieve self-sufficiency.
- D. Budget Program Number and Name: 20900500/Child Care
- E. Agency Activity Number and Name: 1103/Child Care
- F. Detailed Justification for Funding

(1) Justification for Funding Increase: Investment in additional child care vouchers will enable more parents to work. This investment in child care vouchers will generate a greater economic return in the short-term because assistance to parents will help them be more productive employees and contribute to the state's economy by paying taxes and buying other goods and services. Child care vouchers enable parents to select dependable, higher quality care that is affordable which promotes the family's career development and eventual self-sufficiency. In the long-term, the state's economy will benefit when young children who have received quality child care grow up to be a better educated work force with skills and education that are more closely matched to the skills and education needed in the workplace. In addition, a substantially higher percentage of children will be better prepared for school as the result of quality child care, improving their opportunities for success in school, work and life.

The majority of federal child care funds available to the state support welfare families who are employed or seeking employment; federal regulations mandate that this most at-risk population be served. If the agency provided child care to every eligible family at or below the current income limit of 150% of poverty, it would require approximately \$262,410,000 (approximately \$200 million above current expenditures, the majority of which are federally funded). DSS proposes to serve all eligible families at or below 65% of the poverty level, and that we begin serving them in FY 2008, with a two-year phase-in period.

(2)

FY 2007-08 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services		5,609,474			\$5,609,474
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0
Total	\$ 0	\$5,609,474	\$ 0	\$ 0	\$5,609,474
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 4,512,911
Federal	\$74,531,742
Other	\$ 5,168,764

(4) Is this priority associated with a Capital Budget Priority? No If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State _____
Federal _____
Other _____

Agency-wide Vacant FTEs as of July 31, 2006: _____
% Vacant _____%

H. Other Comments:

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

A 2% reduction in state funding at the Department of Social Services would be \$2,231,321. The majority of the programs directly administered by the Department of Social Services are federally and state mandated.

No program funded by pass-through in the DSS budget is a mandated activity of the agency. Because of the nature of pass-through funding, the agency is not familiar with the details of funded programs, and is not in the ideal position to prioritize that spending. However, while all funded programs may have merit, I would hope that the General Assembly would prioritize to protect first, the programs that directly support the mission of the agency, particularly in working with families and children who have suffered abuse or neglect in some form. Most notable examples would be domestic violence shelters and children's homes and shelters. In the current budget, DSS has \$3,280,009.00 which is passed through on a recurring basis, and \$1,000,000 which is passed through on a non-recurring basis.

Internally, while both Adult Protective Services (APS) and Day Care Licensing and Regulation (DCL&R) are subject to state law, they are not federally mandated, and receive no program-specific federal funding. Should it ever become necessary to eliminate or amend either of these important programs in order to achieve sufficient general fund savings, an amendment of state law would be necessary.

In the case of APS, sufficient state funds are allocated to the program to cover a 2% reduction. However, this would negatively impact the program and services provided to a growing population of vulnerable adults.

As noted, the agency is limited in potential sources of general fund savings in a sufficient amount which would not be in a federally mandated and monitored program. If the cut were across the board rather than targeted, the agency would have to develop a plan to allocate the loss of funding in such a way as to try to minimize the impact to each program, including agency programs, pass-throughs, contracts, and grants.